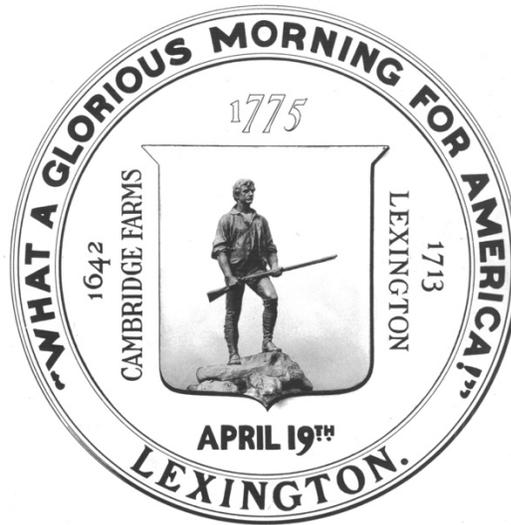


# CAPITAL EXPENDITURES COMMITTEE

## TOWN OF LEXINGTON



### UPDATES TO THE REPORT TO THE 2020 ANNUAL TOWN MEETING (ATM)

(Released March 26, 2020)

**Released May 9, 2020**

**Submitted by:**

Charles Lamb, Chair

David G. Kanter, Vice-Chair & Clerk

Sandy Beebee

Rodney Cole

Wendy Manz

Frank Smith

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**This document provides updates to the Committee’s Report. The updates reflect changes based on changes to the Select-Board positions and subsequent Committee deliberations, and votes by both of them, regarding Article 19 (Establish, Dissolve and Appropriate To/From Specified Stabilization Funds)—all that occurred after the publishing of that Report.**

Page 1, Foreword, 2<sup>nd</sup> Full Paragraph, Lines 4 & 5: Change “Notably, this year you will not find any disagreement by this Committee” to “This year will find a disagreement on just one element in one Article”.

Page 3, Summary of FY2021 Capital-Budget Requests, Title, 2<sup>nd</sup> Line, Note: After “Requests” append “except for Article 19(b)”.

Page 10, Five-Year Capital Plan, 3<sup>rd</sup> •:

a. Line 1: Change “is receiving” to “was to receive”.

b. Last Line: Replace with “revised elements (no longer adding funds to the CSF) and on Page 61, the 1<sup>st</sup> paragraph’s explanation for why the appropriation was eliminated.)”

Page 41, 2020 ATM Warrant-Article Explanations and Recommendations, Title, 3<sup>rd</sup> Line, Note: After “Requests” append “except for Article 19(b)”.

Page 60: Replace the Article 19 table with:

	<b>Funds Requested</b>	<b>Funding Source</b>	<b>Committee Recommends</b>
<b>Article 19: Establish, Dissolve and Appropriate To and From Specified Stabilization Funds (SFs)</b> <b>(Only those actions related to Capital)</b>	<b>Capital SF</b>		
	<b>a) Withdraw \$3,500,000 to apply to debt service for Exempt Debt</b>	<b>Capital SF</b>	<b>Approval (6–0)</b>
	<b>Affordable Housing Capital SF</b>		
	<b>b) Deposit \$111,922</b>	<b>Brookhaven at Lexington</b>	<b>Lost (3–3)</b>
	<b>c) Withdraw \$111,000</b>	<b>Affordable Housing Capital SF</b>	<b>Approval (4–2)</b>

Page 61: Replace just the first six paragraphs of the Article 19 text (i.e., from the one starting “Part a:” to the one starting “After those re-votes,”) with:

Originally there had been an action as Part a which would have deposited \$1,773,062 (\$1,608,075 GF (Unreserved Fund Balance) and \$164,987 GF (Cash)) into the Capital SF. As discussed on Page 10, that deposit would have been more modest than proposed in earlier financial proposals, but was still welcomed by this Committee. However, with the uncertainty as to what could be the FY2021 revenue shortfalls due to the COVID-19 pandemic, those funds are among the appropriations that have been withdrawn so they will be available, as needed, to assist with mitigating those shortfalls to the extent possible. This Committee is unanimous with that decision.

Part a: The withdrawal from the CSF is “to provide property tax relief related to the new Hastings School, the Lexington Children’s Place and new Fire Station”.\_(Brown Book Page i)

UPDATES TO CAPITAL EXPENDITURES COMMITTEE REPORT TO 2020 ATM

Part b: An \$111,922 Affordable Housing Mitigation Payment was the first of 15 annual payments (FY2020–FY2034) to assist the Town in creating affordable/community housing units—a requirement of the Memorandum of Agreement (MOU) between Lifecare, Inc. d/b/a Brookhaven at Lexington and the Town. Those funds are currently in the Affordable Housing Special Revenue Fund. This Part will appropriate those funds into the Affordable Housing Capital SF (AHCSF)—its first funding—and authorize future Brookhaven payments’ funds to be deposited into this SF without a Town-Meeting vote. Passage of this Part will require a 2/3<sup>rd</sup> vote.

Part c: This withdrawal from the AHCSF, as with any withdrawal from a SF, requires a 2/3<sup>rd</sup> vote. It is for LexHAB to undertake multiple renovations and other Capital projects to existing units in its inventory.

In its most recent vote, following the elimination of the previously planned deposit into the Capital SF, this Committee unanimously recommended approval of the current Part a. The Committee was split (3–3) on whether to approve Part b, and recommended approval of Part c, appropriating the Brookhaven funds to LexHAB, with a 4–2 vote. (Note: The Committee understood that its failure to approve Part b—which would provide the funding needed to execute Part c—meant its approval of Part c could not be executed.)

Those Committee members opposed to both Part b and Part c believe that the Brookhaven funds should only be used to create *new* affordable units as explicitly stipulated in the above-cited MOU, and, therefore, that those funds should be left in the Special Revenue Fund until they can be applied toward that purpose. Once these funds are transferred to the AHCSF, as proposed in Part b, they become available for broader uses in support of housing because AHCSF purposes include renovations. Those opposed to Part b believe that although the AHCSF contemplates uses beyond creating or acquiring new units, this does not justify failure to adhere to the MOU’s purpose for the Brookhaven funds. Those who voted in favor of Part b were satisfied that this transfer of the Brookhaven funds into the AHCSF to be spent on essential renovations was in effect preserving units which might otherwise be lost to LexHAB's inventory, and was functionally equivalent to providing new units. However, those voting in favor of Part b also understand the language of the MOU to prescribe the use of the Brookhaven funds for *new* housing, and so they are concerned about the additional language in Part b which allows transfers of *future* Brookhaven payments into the AHCSF without a vote of Town Meeting.

All members expressed their serious concern that the LexHAB request had been submitted at such a late date and without the usual involvement of this Committee prior to Town Meeting, and that there had been little discussion by the Select Board of the usage of Brookhaven funds contrary to the MOU’s stated purpose for those funds. This Committee hopes that the Town will be mindful of the language of the MOU in any future appropriations of Brookhaven payments.

Page C-1, Summary of Warrant Articles Addressed, Title, 2<sup>nd</sup> Line, Note: After “Requests” append “except for Article 19(b)”.

Page C-2, Summary of Warrant Articles Addressed (continued), Article 19: Replace with:

19	60	TW & ix (Table 10)	Establish, Dissolve Appropriate To and From Specified Stabilization Funds	Deposits: \$111,922 Withdrawals: \$3,611,000	(a) Withdrawal of \$3,500,000 to apply to debt service of Exempt Debt (b) Deposit of \$111,922 Brookhaven payment (c) Withdrawal of \$111,000 to apply to multiple renovations to units in LexHAB inventory
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